

TITLE 25. DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

NOTICE OF PROPOSED RULEMAKING FOR THE HOME INVESTMENT PARTNERSHIPS (HOME)

NOTICE IS HEREBY GIVEN that the Department of Housing and Community Development (Department) proposes to formally amend regulations, which govern implementation of the State Home Investment Partnerships Program (HOME). The existing regulations are codified in Title 25, Subchapter 2 (commencing with section 8200) of the California Code of Regulations.

WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Department. The written comment period begins May 13 and closes at 5:00 p.m. on June 27. The Department will consider comments received during this timeframe. Please address your e-mail comments to Moira Monahan at mmonahan@hcd.ca.gov. Written comments can also be sent via mail to Moira Monahan, Department of Housing and Community Development, P.O. Box 952054, Sacramento, California 94252-2054, or via fax to (916) 322-2904, attention: Moira Monahan.

PUBLIC HEARING

A public hearing regarding this proposed regulatory action is scheduled for June 27, commencing at 10:00 a.m. at the Department's Headquarters Office, 1800 Third Street, Room 183, Sacramento, California. Any person may present statements or arguments orally or in writing relevant to the proposed action described in the Informative Digest below. The Department requests, but does not require, that persons who make oral comments at the hearing also submit a written copy of their testimonies at the hearings.

AUTHORITY AND REFERENCE

HCD is conducting this rulemaking activity pursuant to the authority provided by Health and Safety Code Sections 50406 and 50896.3(b). These regulations implement, interpret and make specific amendments to Chapter 12 (commencing with Section 50896) of Part 2 of Division 31 of the Health & Safety Code.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Health and Safety Code 50407 establishes that the Department is responsible for coordinating federal-state relationships in housing and community development. In conjunction with this responsibility, Health and Safety Code section 50406 directs the Department to be responsible for the allocation of Federal Home Investment Partnership Program funds. Consequently, the State of California receives money from

the U.S. Department of Housing and Urban Development to make grants to eligible cities and counties and direct loans and grants to private organizations that qualify as Community Housing Development Organizations (CHDOs). These regulations establish procedures for the award and disbursement of HOME funds and establish policies and procedures for the use of these funds to meet the purposes contained in Title II of Public Law No. 101-625, 104 Stat. 4079, known as the Cranston-Gonzalez National Affordable Housing Act of 1990 as amended by the Housing and Community Development Housing Act of 1992, Public Law No. 102-550. These funds can be used for a variety of housing-related uses provided the State, the cities and counties and the CHDOs comply with a comprehensive set of requirements prescribed by the Federal government regulations in 24 CFR part 92.

The major purpose of the proposed changes is to increase the expenditure rate of funds awarded to program contractors.

Section 8204. Eligible Applicant - This section establishes eligibility for an allocation of HOME funds. The Department proposes to add a requirement that an eligible applicant for the program allocation must have spent at least 50 percent of the aggregate total of program funds originally awarded. This requirement would pertain to contracts that have not yet reached their final expenditure deadlines.

Section 8210. Application Process - This section establishes the process by which the Department makes funding available. The Department proposes to amend this section to remove the requirement that funding awards must be announced within 80 calendar days after the application deadline. The law requiring this deadline has been repealed, and due to changes in administrative procedures, the Department needs several more days to complete its application review and announce awards.

Section 8211. Application Requirements/Form - This section establishes basic requirements for applications for HOME funds. It is being amended solely to delete the requirement that applicants proposing programs choose a milestone schedule.

Section 8212. Application Selection and Evaluation - This section establishes the rating factors used to evaluate applications. The Department proposes to delete all rating factors that use expenditure milestones, and change the points for categories containing these factors. This section is also being amended to delete the requirement that applications proposing programs must have a minimum point score to be eligible for funding.

Section 8212.1. Allocation by Type of Activity and Rural Location - This section describes the method of allocation for HOME funds used by the Department. The proposed amendment to this section permits the Department to determine how to allocate remaining funds when a project or program allocation is undersubscribed, and

describes the factors the Department will consider in making this determination.

Section 8213. Conditional Reservation of Funds – This section describes how funds are awarded. It is being amended to delete the requirement that program applications must have a minimum point score in order to be eligible for funding.

Section 8217. Project Deadlines – This section establishes deadlines for projects and expenditure milestones for programs funded by HOME. All the portions of this section that detail expenditure milestone provisions are being deleted in this amendment.

IMPACT OF PROPOSED REGULATIONS

LOCAL MANDATE

Federal Law mandates the requirements. The Department has determined that these regulations do not impose a mandate on local agencies or school districts. Eligibility for the program is limited to entities demonstrating willingness and capacity to develop and administer affordable housing. In any case, participation in the program is voluntary.

FISCAL IMPACT

The Department has determined that no savings or increased costs to any State agency, no reimbursable costs or savings under Part 7 (commencing with Section 17500) of Division 4 of the Government Code to local agencies or school districts, no nondiscretionary costs or savings to local agencies or school districts, and no costs or savings in Federal funding to the State will result from the proposed action.

EFFECT ON HOUSING COSTS

The Department has determined that the proposed action has no significant impact on housing costs in California.

INITIAL DETERMINATION OF STATEWIDE ADVERSE ECONOMIC IMPACT DIRECTLY AFFECTING BUSINESSES

The Department has made an initial determination that the proposed action will not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

ASSESSMENT STATEMENT

The Department has determined that the regulations will not affect the creation or elimination of jobs in California; the creation of new businesses or the elimination of

existing businesses within California; or the expansion of businesses currently

operating in California. In any case, participation in the program is voluntary.

COST IMPACTS ON PRIVATE PERSONS OR BUSINESSES DIRECTLY AFFECTED

The Department is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action. While private businesses (including nonprofits) and individuals are eligible to receive program funds under the program, participation is voluntary.

CONSIDERATION OF ALTERNATIVES

The Department of Housing and Community Development must determine that no reasonable alternative considered by the Department or that has otherwise been identified and brought to the attention of the Department would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

AVAILABILITY OF TEXT OF PROPOSED REGULATIONS AND STATEMENT OF REASONS

The text of the proposed regulations is available upon request, along with the Initial Statement of Reasons, prepared by the Department, which provides the reasons for the proposals, and is available on the Department's web site, at www.hcd.ca.gov. All information the Department is considering as a basis for this proposal is maintained in a rulemaking file, which is available for inspection at the address noted below. Copies can be obtained by contacting Moira Monahan at the address and telephone number noted below.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

Following the written comment period, the Department may adopt the proposed regulations substantially as described in this notice. If the Department makes modifications, which are sufficiently related to the originally proposed text, it will make the modified text--with changes clearly indicated--available to the public for at least 15 days before the Department adopts the regulations as revised. Please send requests for copies of any modified regulations to the attention of Moira Monahan at the address indicated below. The Department will accept written comments on the modified regulations for 15 days after the date on which they are made available.

AVAILABILITY OF RULEMAKING DOCUMENTS

All of the information upon which the proposed regulations are based is contained in the rulemaking file, which is available for public review, by contacting Moira

Monahan at the address and telephone number noted below.

AVAILABILITY OF FINAL STATEMENT OF REASONS

At the conclusion of this rulemaking, a Final Statement of Reasons will be prepared as required by Government Code section 11346.9. This document will be available from the contact person named below.

CONTACT PERSON

**HCD: MOIRA MONAHAN
(916) 327-3618**

**HCD BACK-UP: LENORA FRAZIER
(916) 323-7288**

**HCD Address: State Department of Housing and Community Development
1800 Third Street, Room 390
Sacramento, California 95814**

HCD Website: Copies of the Notice of Proposed Action, the Initial Statement of Reasons, and the text of the regulations may be accessed through our website at **www.hcd.ca.gov**

HCD Facsimile No: (916) 322-2904

The Department invites interested persons to present statements or arguments with respect to alternatives to the proposed regulations during the written comment period. Inquiries concerning the substance of the proposed rulemaking action, as well as request for the documents noted should be directed to:

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